Daily Report

Latin America

FBIS-LAT-95-106
Friday
2 June 1995

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FBIS-LAT-95-106 *2 June 1995*

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Argentina, Brazil Seek Cheap Nuclear Energy

[Article by Martin F. Yriart]

[FBIS Translated Text] While Argentina's foreign policy appears to be aimed at closing the door on nuclear development once and for all, Argentine and Brazilian scientists are studying the possiblity of using atomic fuel while at the same time saving raw materials, significantly reducing the output of radioactive waste, and providing the two countries with the means to get rid of the controversial plutonium.

Clara Belaunzaran, Osvaldo Cristallini, and Domingo Quilici — the latter two from the National Commission for Atomic Energy [CNEA] — have published an article in the latest issue of CIENCIA HOY [Science Today] claiming that Argentina could save a great deal of uranium by reusing spent Brazilian enriched uranium fuel, through the so-called nuclear fuel "tandem cycle."

Argentina and Brazil have chosen diferent approaches to nuclear development. Argentina followed the Canadian example and chose to use natural uranium and heavy water. Brazil, under the influence of the United States, opted for enriched uranium and natural water. The two approaches are apparently totally different.

Argentina made its choice in the 1960's, in the quest for greater autonomy stemming from being able to do without uranium enrichment, a costly process. On the other hand, it had to make sizable investments in order to produce heavy water. Brazil chose to purchase its fuel abroad. Nowadays, both countries claim that they have developed experimental uranium enrichment technologies.

In its natural state, only 0.7 percent of the uranium is the 235U isotope capable of spontaneous fission in order to generate energy. The natural water which reactors use as a coolant and to moderate the reaction absorbs too many neutrons. To be able to use natural water, the percentage of uranium 235 must be increased to approximately 3.5 percent.

The other option is to replace the hydrogen in the water, by one of its isotopes, deuterium, which is less neutron-thirsty, and to use natural uranium.

A Paradox

Reactor fuel loses its ability to generate energy because, on the one hand, uranium 235 atoms are spent, and, on the other hand, fission products, which also absorb neutrons, accumulate inside the reactor.

Among these fission products is plutonium 239, a by-product of the nonfissionable 99.3 percent of natural uranium. Plutonium 239, however, is fissionable and helps reactors work.

The paradox of nuclear technology is that spent fuel elements for natural water reactors like the ones the Brazilians have contain 1.5 percent of fissionable material, twice as much as new fuel elements used in heavy-water reactors (which need only 0.7 percent), like the Argentines have.

Argentine and Brazilian scientiests are studying the possibility of reusing spent Brazilian fuel in Argentine reactors instead of disposing of it. This approach would allow the Embalse Nuclear Power Plant alone to save 1,300 tons of uranium over 15 years, and prevent the production of 15 million of solid low-radioactivity waste and one million tons of depleted uranium, all of which would have considerable economic and environmental benefits.

A Change of Course

To accomplish this objective, however, it would be necessary to radically change the course of Argentina's nuclear policy, which, following the breaking up of the Argentine National Commission for Atomic Energy [CNEA], is currently in the hands of the Argentine Foreign Ministry. This change of course seems unlikely at this time because of the ongoing "carnal relationship" with the United States. Argentina's interpretation is that this relationship requires it to foresake everything that has to do with plutonium.

Reusing spent fuel from Brazil, or from any other country wishing to get rid of "burned out" enriched uranium fuel elements, implies two things, both of which the current Foreign Ministry team seems to consider tabu — transportation and reprocessing (or rather coprocessing).

After the incidents with the Akatsuki Maru, and more recently with the Pacific Pintail, and Argentina's recent statement at the Nuclear Nonproliferation Treaty [NPT] conference, transportation of spent fuel is the new "evil beast" of Argentina's nuclear policy. It seems that as far as Argentina is concerned, the transportation of any spent nuclear fuel is an intolerable safety threat because it is an environmental hazard and poses a temptation for international terrorists.

Argentina was on the verge of developing reprocessing technology at CNEA laboratoris in Ezeiza. Even during Raul Alfonsin's administration, this technology was viewed as a political and economic liability that pitted Argentina against the United States and multilateral financial organizations like the IMF and the World Bank.

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The United States would be prepared to "tolerate" an industrial program to produce enriched uranium because it would be relatively easy within the framework of the NPT to make sure that no military-grade enriched uranium was produced. The United States, however, would not accept a reprocessing program like the one that was being developed in Ezeiza to separate uranium and plutonium.

Carlos Menem's Justicialist Party administration delivered the final blow to Argentina's reprocessing program by ordering that the Ezeiza plant be recycled.

The question is whether political susceptibilities will be aroused, and to what extent, by the coprocessing of spent fuel, a method that restores the fuel's ability to generate energy without seperating uranium from plutonium, thus avoiding suspicions regarding the latter's strategic uses. Spent fuel from natural water reactors contains 1 percent of uranium 235 and 0.5 percent of plutonium, as compared to 0.2 percent and 0.28 percent respectively that the fuel from heavy water reactors contains.

Approximately 50 percent of the fuel from nuclear power reactors all over the world is reprocessed. The United States is the only heavy user of nuclear energy that opposes commercial reprocessing. The question is whether Argentina's "carnal relationship" with the United States should be taken to the point of adopting the same attitude regardless of its cost.

Correction to Guatemala Breaks Away From Coffee Agreement

PA3105131895

The following correction pertains to the item headlined "Guatemala Breaks Away From Coffee Retention Agreement," which appeared in the 31 May Latin America DAILY REPORT, page 3:

Column one, paragraph four, first sentence, make read: ...manager of the Association of Salvadoran Coffee Producers, believe Guatemala left... (rephrasing to correct organization's name)

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Cuba

Spokesman Confirms Adherence to UN Human Rights Treaty

PA0106201995 Havana PRENSA LATINA in Spanish 1715 GMT 1 Jun 95

[FBIS Translated Text] Havana, 1 Jun (PL) — Cuba has ratified at the United Nations the International Convention Against Torture in keeping with its constitutional procedures, Foreign Ministry spokesman Miguel Alfonso confirmed here today.

Cuba's adherence to this important UN document was confirmed on 17 May through its own sovereign will and responds to the concern of local authorities to assume real commitments in favor of human rights, Alfonso asserted at his regularly scheduled news conference.

Ministry on Treaty Ratification

PA0106213495 Havana PRENSA LATINA in Spanish 1953 GMT 1 Jun 95

[FBIS Translated Text] Havana, 1 Jun (PL) — Today, the Foreign Ministry spokesman said Cuba's decision to ratify the International Convention Against Torture corroborates the fact that this country is not one that limits itself only to talking about human rights but, rather, assumes its commitments with responsibility.

In his usual meeting with national and foreign journalists, Miguel Alfonso said the confirmation of this UN treaty on 17 May was through the sovereign will of the island's authorities and was not due to any request from abroad.

Alfonso said that Cuba with this step is now a member state of 16 of the 25 agreements in human rights contained in a letter of UN ratifications and adherences, published in December 1994.

The Foreign Ministry spokesman said the document had 82 member state countries in December, but many have not yet ratified it, including the United States, a country, he said, which is very critical of Cuba on this topic and which has only signed eight of these treaties now.

He said Washington has assumed some of these protocols, such as the Civil and Political Rights, with a host of reservations and exceptions for its compliance.

Alonso ruled out that Cuba's position on torture has been conditioned by last year's visit to Havana by Ecuadoran citizen Jose Ayala Lasso, the UN high commissioner for human rights.

When Ambassador Ayala Lasso traveled to Cuba, our procedures for analyzing whether we ratified the international treaty had been long under way. After the process was completed, an opinion was presented to the Council of State, which finally gave its consent, he said.

Alfonso added his country has received "favorable commentaries" from international sources over the past few weeks regarding the decision, to which the international community gives great importance.

Cuba Ratifies UN Treaty Against Torture, U.S. Lags Behind

FL0206010095 Havana Radio Rebelde Network in Spanish 2300 GMT 1 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] Foreign Ministry's spokesman Miguel Alfonso has announced during a press conference that Cuba has agreed to ratify the U.N. treaty against torture. The international community and circles specializing in human rights render this treaty very significant.

[Begin Alfonso recording] Cuba is one of the countries which assumes international compromises in regards to human rights. Cuba not only speaks about the human rights situation. To speak about the human rights issue — especially in other countries — is very easy. However, to assume international obligations, to be honored before specific international organizations, is a completely different matter.[end recording]

Alfonso highlighted that so far, 16 from a selection of 25 important U.N. documents related to human rights have been ratified by Cuba.

[Begin Alfonso recording] This international treaty against torture endorsed by Cuba is one of the 16 — from a total of 25 documents. The United States, a country very critical of Cuba on the human rights issue, and which has promoted several measures against Cuba — as you all know — has only endorsed eight of these 25 documents, which represents exactly half the number of Cuba. Furthermore, there are enormous reservations about some of them — such as the one on civil and political rights — because some states establish exemptions for the implementation of the treaties. [end recording]

Pastor Visit Confirmed, No Details Given

PA0106192595 Havana PRENSA LATINA in Spanish 1732 GMT 1 Jun 95

[FBIS Translated Text] Havana, 1 May [as received] (PL) — Robert Pastor, adviser to former U.S. President Jimmy Carter, paid a private visit to Cuba last week, Foreign Ministry spokesman Miguel Alfonso confirmed today.

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Pastor, who served as national security adviser to the former President and currently directs the Latin American Office at the Carter Center, spent approximately seven days in Havana, Alfonso explained, while declining to provide details of the trip.

The spokesman corroborated this information at the request of Cuban and foreign reporters who attended Alfonso's regularly scheduled meeting with the media and had asked for confirmation or denial of this visit.

Newspaper reports from the United States, dismissed in recent days, also said Jimmy Carter is planning to visit Cuba.

Lage Defends Planned Economy on U.S. TV Show

FL0106195095 Havana Tele Rebelde Network in Spanish 1630 GMT 1 June 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Vice President Carlos Lage told CNN [Moneyline] that Cuba will continue to advance toward economic opening without abandoning the principle of a planned economy to ensure social justice.

Lage highlighted that changes were introduced in Cuba to attract more foreign capital, increase cooperative work and opportunities of self-employment, but defended the principle of a planned economy, with a predominant state economy to ensure social justice.

Lage's interview was broadcast directly from Havana by U.S. television chain CNN during one of its principal programs in the business sector.

CNN showed Cuban beaches in an earlier broadcast and pointed out that Cuba is the perfect location for tourism development.

The CNN Moneyline program reaches 200 million people in 160 countries, including U.S. viewers. This week Moneyline has been broadcasting directly from Havana with reports on economy, and changes introduced in Cuba.

EU Humanitarian Aid Commissioner Concludes Visit

PA2005201295 Havana PRENSA LATINA in Spanish 0848 GMT 20 May 95

[FBIS Translated Text] Havana, 20 May (PL) — Emma Bonino, EU commissioner for humanitarian aid, who concludes her visit to Cuba today, described the visit as "impressive and very rewarding for her delegation."

During her stay on the island, she met with Fidel Castro; Carlos Lage, Council of Ministers secretary; Ernesto Melendez, minister for foreign investment and economic cooperation; and other top leaders.

In an interview, Bonino said that the EU cannot agree with the Helms-Burton bill, which is intended to tighten the embargo against Cuba and has been presented to the U.S. Congress, because the bill brutally violates international law. She added that in her trip to New York soon she will affirm to the U.S. Government the EU's opposition to the bill.

In a news conference, Bonino said she is impressed by how honestly, efficiently, and expeditiously the goods sent to the country are delivered to the population sectors they are intended for.

She gave special recognition to La Castellana, a center for severely retarded children, where, she said, the usefulness of properly administered humanitarian aid can be observed. "It is an outstanding, big success," she said. She added that her visit's objective was to find out the destination of the humanitarian aid sent by the EU so that the new cooperation budget for this year can be drafted and the effect of these donations assessed.

Asked about the results of her visit, she replied that she is very happy and that to a great extent, what she observed will serve to justify shipping more of these resources in the future. She also said that her experience in Cuba will show European taxpayers that humanitarian contributions do lead to the expected results.

Bonino said that the signing of bilateral agreements between Cuba and many of this regional organization's member countries will make a development assistance agreement with the EU much more likely.

In her opinion, the EU's commitment to humanitarian aid is a sign of rapprochement between Europe and Cuba, a fact that the Cuban Government should take advantage of for its planned opening to the international economy. "This is a good time for it," she finally said.

Praises Country's Use of $27 Million Aid

PA2005200995 Havana PRENSA LATINA in Spanish 1811 GMT 18 May 95

[By Eduardo Montes de Oca]

[FBIS Translated Text] Havana, 18 May (PL) — Emma Bonino, the person in charge of the EU's Humanitarian Aid Commission, disclosed today in Havana that President Fidel Castro has expressed gratitude for the aid her organization has provided to Cuba.

In statements to PRENSA LATINA, the visiting EU official pointed out that on 17 May, she held a very sincere meeting with the Cuban president to whom

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she expressed her views regarding Cuba's effective implementation of the Humanitarian Aid Commission's program.

In this regard, Bonino insisted that her stay in Havana was quite positive, because, she said, she has confirmed the excellent use of the commission's donations, most of which were for public health institutions.

Bonino, who is also the EU Humanitarian Aid Commission's fisheries secretary, met with European diplomats accredited in Havana, who, she said, praised the project's implementation by local authorities.

Bonino added that she also spoke with representatives of nongovernmental organizations (NGO) and toured Havana's "Calixto Garcia" Hospital, the largest hospital in Cuba and the recipient of various EU donations.

According to the official schedule, Bonino will meet on 18 May with Cuban Vice President Carlos Lage, who is currently implementing the economic reforms, and with Ernesto Melendez, foreign investment and economic cooperation minister.

Bonino will also visit Havana's Centro La Castellana, which provides therapy for children suffering from severe mental retardation.

According to Bonino's statements upon arriving at the "Jose Marti" International Airport, her goal is to review the aid program and establish a new one in Cuba.

The EU's Humanitarian Aid Commission in 1994 established an office in Havana to coordinate cooperation.

Thus far, the commission has given Cuba $27 million, primarilly for food and public health, which were supplied through Cuban NGO's.

Agriculture Minister Attends Tomato Harvest Meeting

FL3105163695 Havana Radio Rebelde Network in Spanish 1155 GMT 31 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] The results of the latest tomato harvest mark the beginning of a recovery for that exportable good even though we still are not reaching the estimated volumes of production. This was announced during the annual inspection meeting of the collection stage and of the 1995-96 campaign. The campaign is already in the phase of soil preparation and conditioning, and of contracts on areas and production volume. Agriculture Minister Alfredo Jordan said that as long as the 1 million quintal mark is not met there can be no satisfaction among farmers. He went on to say that this figure is the goal for the campaign that is about to begin.

Furthermore it was announced that the exportation of rolled cigars [torcidos] so far this year has been met by 110 percent. Meanwhile, the demand for Havana cigars on the world market is twice as much as Cuba's production capabilty.

Machado Ventura Coaches Sugar Workers

FL2205184095 Havana Tele Rebelde Network in Spanish 1630 GMT 22 May 95

[FBIS Translated Text] Assessing the tasks remaining in the current sugarcane harvest and preparing for the next harvest is the main goal of the current visit to Villa Clara Province by Politburo member Jose Ramon Machado Ventura. Machado Ventura is visiting agro-industrial complexes that have yet to fulfill their sugar production goals and is pointing out vital aspects to attain those goals given the role the province plays in national sugar production.

Machado Ventura has stressed to directors of sugarcane basic cooperative production units, the need to rehabilitate — rather than obliterate — sugarcane plantations, as well as the need to prioritize weeding, and the use of oxen for that job. He also stressed the importance of stabilizing the work forces on those units, taking good care of self-sufficiency, and low cost housing construction efforts. During his visits, Machado Ventura has met with large numbers of workers.

Machado Ventura has also assessed the work of the party and the Union of Young Communists in the sugar industry and stressed that its members should move away from routine and demonstrate with their actions that they are deeply involved in solving the problems.

[Begin Machado Ventura recording] The fields are showing the signs of the efforts; the sugarcane looks better, it looks stronger. We can see the use of fertilizers in the color of the stalks. All these things should increase the prospect of an improvement in the next harvest. It ought to. It has to. However, everything depends on many factors such as rain levels, and what happens the rest of the year. [end recording]

Chilean Health Minister Praises Visit With Fidel

FL0106223495 Havana Radio Reloj Network in Spanish 1936 GMT 1 Jun 95

[FBIS Translated Text] Chile's Health Minister Carlos Massad has praised the welcome he received in Cuba, particularly his meeting with Fidel who dedicated a part of his precious time to him and granted him the opportunity to talk with him about issues of bilateral

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interest. Massad spoke about yesterday's meeting with our top leader following today's signing of a protocol of intention between Chile and Cuba. The protocol seeks to increase cooperation in health. Massad, together with Cuba's Health Minister Carlos Dotres signed the protocol on the health system and primary care.

Dotres stressed the significance of the fact that the first visit of a Chilean minister in 22 years, was conducted by a health minister.

Straight Talk on Tourism

FL0206002195

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1600 GMT on 1 June 95 carries its regularly scheduled "Straight Talk" program with host Osvaldo Rodriguez and guest Fernando Davalos. Rodriguez opens the program asking Davalos if there are any type of contradictions between the Cuban people's well-being and the development of the Cuban tourist industry.

Davalos responds: "There is no contradiction whatsoever; there is harmony. Today, tourism in Cuba is the cornerstone of the people's well-being. Furthermore, I would say tourism means survival." Davalos points out that tourism generates resources which are used to purchase many things needed in Cuba.

Rodriguez and Davalos stress that the Cuban people should be hospitable and kind with tourists. Davalos points out that Cuba is viewed by tourists as "sun and beaches," but there are cultural aspects of Cuba. Davalos states that the Cuban people's knowledge and cultural understanding are also appreciated by tourists. Rodriguez adds: "Even our flaws are of interest to tourists."

Davalos points out that among many positive aspects the Cuban people have to offer, one is "that we had a revolution, despite the Americans." Davalos goes on to point out the Cuban people's other unique characteristics.

Rodriguez relates a conversation he once had with a tourist, who was approached by a man on the street to "change foreign currency — black marketing — trying to give him more than the exchange rate." Rodriguez states that the tourist did not accept the deal, but asked the man for a direction and this individual accompanied the tourist, as his guide around the city and free of charge. Rodriguez adds that the tourist praised the individual's education. Rodriguez adds: "Just like our prostitutes [jineteras], many of which are college graduates and none of them are illiterate."

Davalos stresses the need to emphasize cultural aspects of tourism in Cuba such as "our churches, forts, palaces and our music." Davalos points out that Cuba is a world leader in music and sports, all of which is something that needs to be emphasized.

Rodriguez adds that according to musical experts, Cuban music is one of the three main musical roots in the world. Rodriguez points out that this is yet another tourist attraction.

Rodriguez centers the discussion again by repeating Davalos' comment that tourism's development and the people's well-being go hand in hand.

Davalos says that anybody would like to have a good time in a five star hotel, but Cuba is "consciously" making sacrifices to become a power in the tourist industry. Davalos adds that the money made in the tourist sector serves to fuel and recover the rest of Cuba's economy.

Rodriguez and Davalos comment that it is a reporter's task to analyze this reality and inform the public of the situation. Rodriguez says that some Cubans think that tourism is taking something away from them because "a common family, a family that could enjoy a new hotel, arrives at a hotel today and they cannot enjoy it because it charges for its services in foreign currency or because it is limited [esta limitada]."

Davalos points out that before there were very few tourist facilities in Varadero and that they were hardly used by the Cuban people. Rodriguez and Davalos comment on the tourist facilities previously available in several areas throughout Cuba, and Davalos stresses that there were never too many facilities at hand adding "that was never a lost paradise — we never had that paradise." Davalos recalls not being allowed on a beach when he was a child, before the Revolutions' triumph, by men armed with machine guns who guarded the beaches. Now, thanks to the Revolution, the beaches are open, he adds.

Davalos and Rodriguez comment about those vanguard workers who are allowed to use hotel facilities as an reward.

Rodriguez goes on to ask Davalos to broach the issue of how the lack of access to hotels "which draws complaints from the people" really is benefiting them.

Davalos begins by saying that the hotel's supplies are, in great part, of Cuban origin, therefore benefiting the Cuban economy. Davalos points out that "even the electricity that is supplied to the hotels is paid for by them, Cuban or foreign companies, in foreign currency." Davalos says that the money collected goes to improve

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and maintain Cuba's electrical system which "directly benefits the population." Davalos presents another example of a Cuban enterprise supplying products to hotels — Cuban beer factories.

Rodriguez recalls a recent program with Eddy Jimenez [referring to program filed as fl3005120395 and adds] on the dollar stores. Rodriguez stresses the need for personnel who buy supplies for the hotels to buy Cuban-made products instead of buying a "more attractive, from a visual point of view" foreign product. Rodriguez adds: "Perhaps, behind this is a commission that the foreign company pays the buyer; this is immoral. This is practiced worldwide, but in Cuba we consider this immoral." Rodriguez points out that, unfortunately, there is something more which favors this situation. "We tend to think that if we equal a foreign products' price, we equal its quality." Rodriguez states that this is a wrong concept and gives the example of Cuban cola "which is of good quality and even accepted by foreigners." He continues stating that the pricing policies are wrong because they seek to obtain a large benefit, thus making the product noncompetitive.

Davalos concludes by saying that the problem is also related to the image of the product because he has seen these cola bottles and they are rather old and worn.

Rodriguez thanks Davalos for his participation in today's program.

Tourism Agreement Signed With Spain

FL0106193395 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] An important cooperation agreement in the tourism sector was signed this morning between Cuba and Spain. Correspondent Zenaida Costales has more details.

[Begin recording] [Costales] The strong ties of friendship between Spain and Cuba, as well as the importance of the Cuban development in the tourist sector, were factors that contributed to the signing of this agreement. Miguel Gongola Benitez, secretary general of tourism in Spain, explained the characteristics of the document.

[Gongola] It is an extensive agreement which covers all points of the tourist sector. It will not only help development of the tourist industry but it will serve to improve the existing tourist zone. It foresees the exchange of information to increase investments and greater cooperation in general.

[Costales] To Miguel Gongola Benitez, this cooperation agreement is evidently a future challenge.

[Gongola] One of the points of the agreement calls for the creation of a joint Cuban-Spanish team to follow up on the agreement and to analyze specific issues related to that development. Many times these agreements, in wanting to cover too many issues, are not capable of dealing with specific issues that may arise. [end recording]

Customs Announces Foreign Mission Registration Deadline

FL0106194895 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] Cuban Customs office has announced that the term for foreign missions accredited in Cuba to register in the customs central registry expires on 25 June.

Beginning 1 July 1995 only foreign missions inscribed in this register will be able to declare merchandise when importing samples with no commercial value, and supplies.

Customs central registry will take care of applications and answer questions on Mondays, Wednesdays, and Fridays, from 1230 GMT to 1630 GMT, in its offices located in the corner of Calle 6 and 39, Plaza de la Revolucion, or by phone, to phones 81-0356 and 81-0022 extension 17.

Engineer Describes Lenin Contingent Projects

FL0106020995 Havana Radio Rebelde Network in Spanish 2300 GMT 31 May 95

[From the "Exclusive" program]

[FBIS Translated Text] I am talking with Ramon Medina Herrera, civil engineer, director of the Industrial Construction Enterprise Number Six, and head of the Lenin Contingent. This contingent is in charge of the construction of the Juragua nuclear plant, among other important projects in several provinces.

[Begin Medina recording] The Lenin Contingent is working in three provinces. In Matanzas, we have projects worth 25 million pesos. Fundamentally, in the tourist sector, in Cienfuegos, we have projects worth 7 million pesos at the nuclear plant, as well as other construction throughout the province, and in Ciego de Avila, we have projects worth 2.5 million pesos. At this time, the contingent has the responsibility of initiating the preliminary steps for a possible recommencing of the nuclear plant, [el possible reinicio de la central nuclear] as well as complying with the obligations we

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have with other important economic organizations, from a territorial and national point of view. [end recording]

Haiti

Conacom Leader on Missing Voter Cards

PA0206011895 Port-au-Prince Signal FM Radio in French 1030 GMT 1 Jun 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Victor Benoit, leader of the National Congress of Democratic Movements [Conacom], has condemned the ineffectiveness of the registration process in the metropolitan area and has called on the head of the Provisional Electoral Council [CEP] to correct the situation. The Conacom leader says he believes a great majority of people of voting age have not received their electoral cards.

[Begin Benoit recording, in Creole] We (?will have to) insist not only that the CEP clarify this question of the disappeared cards but also that there should be more BIV's [Registration and Voting Office] throughout the country, because despite the promises of the CEP, I can tell you there are many places in Port-au-Prince, many places in Plaine du Cul-de-Sac.... [pauses] I was in Plateau Central last week, and the people there complained that many people who would like to register for electoral cards cannot do it. Meanwhile, we have heard that some exaggerated figures have been published on the number of people who have registered (?as voters). We do not know the sources of such figures. We also insist that it is time to set up the control and surveillance commission to integrate the political parties. [end recording]

Demonstrators Criticize Aristide Government, IMF Policies

PA0206031295 Port-au-Prince LE MATIN in French 30 May 95 pp 1, 16

[FBIS Translated Text] Dozens of young Haitian demonstrators displeased with the economic orientation of the government headed by Prime Minister Smarck Michel under the presidency of Jean-Bertrand Aristide, elected on 16 December 1990, demonstrated this Sunday in front of the Haiti State University Hospital [HUEH] (commonly called General Hospital) and shouted: "Down with Aristide," "Down with occupation," "Down with the IMF."

According to some reports, the demonstrators, who were returning from an international conference against the IMF and the World Bank at the Faculty of Sciences, brandished placards stating: "Aristide, country seller" and "Aristide and the IMF are twins." [previous two phrases in Creole]

This is the first such demonstration in Haiti since Jean-Bertrand Aristide was elected head of state by an absolute majority.

Over the past weekend, the People's National Assembly (APN), an organization close to President Aristide in the recent past, severely criticized the presidential and governmental administration. APN particularly admonished the head of state for having forgotten his people's roots and for betraying the anti-imperialistic convictions he conveyed as a candidate and which earned him the sympathy of the masses.

Over the weekend, the APN, popular organizations, and peasant and professional associations that attended the symposium also denounced the "harmful" consequences of the economic policies recommended to developing countries by the World Bank and the IMF.

According to on-the-scene reports, the demonstrators booed President Aristide as he was leaving the HUEH. The demonstrators had just attended the closing of this symposium, which was held on premises belonging to the Haitian state, to the surprise of many people.

On Mother's Day, 28 May, President Jean-Bertrand Aristide visited the country's main public hospital, where he handed out envelopes containing 250 gourdes to patients in the maternity ward.

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Reaction to Zedillo's Development Plan

PA0106201595 Mexico City NOTIMEX in Spanish 0105 GMT 1 Jun 95

[FBIS Translated Text] Mexico City, 31 May (Notimex) — It was been commented here today that the National Development Plan (PND) 1995-2000 unveiled by Mexican President Ernesto Zedillo today will be carried out thoroughly since its goals are realistic, and based on estimates that are well within reach.

Finance Secretary Guillermo Ortiz Martinez pointed out that the PND's objectives are realistic, and that it is expected that as of next year the GDP will begin to reflect a 5-percent growth each year which will in turn bring about more than 1 million new jobs.

He explained that in order to accomplish such an economic target several new mechanisms will be implemented that will range from encouraging savings up to fiscal instruments, but mostly, promoting productivity.

The finance secretary stipulated that there will the need to work intensely in order to encourage productivity that will allow us to overcome the current crisis, and make us arrive to a vigorous growth next year that will surpass the growth in population.

Ortiz Martinez acknowledged that the economic growth accomplished so far has not lived up to expectations, but that as of the unveiling of the PND, which was announced this past Wednesday by President Zedillo, the foundations towards revitalizing the growth agenda are once again being established.

He stated that concerning the fiscal sector, the federal government expects to undertake several major efforts, and implement various tax and domestic savings programs.

Commerce Secretary Hermino Blanco believes that the PND is well-grounded in reality, and pointed out that the economic growth will be attained by implementing programs in each sector, together with joint efforts by the micro-, small-, medium-size companies.

He stipulated that the objectives of the program will be coordinated through the Finance Secretariat, and the development banks in order to promote exports, and offer direct support to large, medium, and small businessmen.

On the other hand, Labor Secretary Santiago Onate Laborde commented that the most significant aspect of the program made public this Wednesday was that President Zedillo had made a call to create conditions leading to productive investments.

The official stressed that these measures will not only lead to recovering the path to growth in Mexico, but also toward rebuilding productive factories that have been undermined by the economic crisis that began during the month of December.

Tourism Secretary Silvia Hernandez Enriquez claims that the PND's content are evidence of President Zedillo's determination to "eliminate poverty, and inequalities."

The PND is a guideline that includes "clear, viable, and realistic" procedures to overcome the economic crisis the country is undergoing.

President Zedillo called on various social sectors last 26 March to participate in drafting the PND. For this purpose, 15,000 mailboxes were established with the participation of over 200,000 persons.

This is the first time a Mexican president invites civilian society, political, and social sectors to participate in drafting a program that will concentrate the principal objectives of his government.

On the other hand, Attorney General Antonio Lozano Gracia stated that the PND is a realistic plan, which clearly recognizes the problems "we face and proposes solutions that were raised at public consultation forums."

"It seems to me it is a serious document that will have to be fulfilled in a timely manner, because it is our commitment, and a right of the citizens," Lozano Gracia, sole official of the opposition National Action Party (PAN), which is part of the cabinet, has stated.

Foreign Secretary Jose Angel Gurria declared that the content of the plan will contribute by paving the way for the country to progress.

During the presentation of the plan, the president noted that one of its principal goals will be to strengthen the exercise of sovereignty and bolster democracy.

Governors of different states of the country termed the plan presented by President Zedillo as consistent with reality, viable, and a democratic proposal.

Patricio Chirinos, governor of Veracruz, said that the plan presented by the president has the objective of preserving sovereignty, fighting poverty, generating jobs, and does not make the country dependent on foreign savings.

Socrates Rizzo Garcia, governor of Nuevo Leon, noted that the plan contains important aspects on the support to be given in the upcoming months to states and municipalities. He also stressed that the plan "generates confidence in the course mapped out for the country."

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For Emilio Chuayffet Chemor, governor of the State of Mexico which is on the border of the nation's capital city, it is totally feasible to carry out the PND 1995-2000. He said the plan makes a complete redefinition of the current federal system.

Additionally, Sergio Fumero and Ernesto Fonseca, ambassadors of Costa Rica and Nicaragua, respectively, agree that the program has been drafted "with one's feet on the ground," because it underlines that cooperation is imperative to achieve progress.

David Hunt, Chancellor of the Duchy of Lancaster and cabinet minister for Public Services and Science of Great Britain, stated that the PND will be quite attractive to foreign capital, especially that of his country.

Humberto Roque Villanueva, president of the Chamber of Deputies, said the plan "will further strengthen the principle of the division of powers in Mexico."

Zedillo, Banks Meet on UDI Failure

PA0106175695 Mexico City REFORMA in Spanish 29 May 95 p 28a

[Report by Alberto Barranco Chavarria]

[FBIS Translated Text] Although the date and place of the meeting predicted a storm, it never came from the direction that the conclave of official and private bankers felt the wind blowing. Let us say that more than half of them took a deep breath when **Eduardo Fernandez**, president of the National Banking and Securities Commission got on the course of the already famous account units or Investment Units known as UDIs...

The complaint to the general staff of the 18 privatized banks, those newly created and those in development, regardless of hierarchy, size, color, taste, or ancestry, was plain: You are not meeting your commitments.

According to the official perception, the response to the commitment of pushing savings one way and restructuring credit problems, through another, through the allegedly magic formula copied from the letter of the Chilean model, up until today has been in some cases lukewarm and in other cases nil....

It doesn't matter that some of those attending, including **Jose Madariaga Lomelin**, president of the Mexican Banking Association and of the Probursa financial group; **Agustin Legarreta**, of Inverlat; **Carlos Gomez y Gomez**, of the Banco Mexicano; and **Roberto Alcantara** of Bancrecer, in addition to **Abelardo Morales**, director general of Serfin; **Francisco Vizcaya** of Cremi; **Francisco Alcala** of Inverlat; and **Manuel Somoza** of the Banco Mexicano agreed that they were doing all they could.

There is, said one, the campaign that is being conducted by the media. There are also, said another, the slogans, the notifications to the savings account holders.

The truth, as we noted last week, is that aside from whether or not the new generation of bankers cares about the system, the failure of the UDIs has one word as the common denominator. That word is mistrust.

The paradox is that fear exists not only among the presumed savings account holders, but also among potential candidates for the restructuring of credit problems.

What appeared to be the philosopher's stone is turning out to be Dracula's castle. Nobody wants to enter...

Spurred by **Cesar Fontanes**, who reappeared on the scene after having been a staunch defender of those who were wiped out during the **crash** [preceding word in English] of the market in 1987, businessmen believe without euphemisms that the path of the UDIs leads, in the long run, to a trap....

"We are being doomed to slavery," one of the 60 businessmen who engaged in a private dinner with him, told **Ernesto Zedillo** last Thursday at the Palacio del Sol Hotel of Chuhuahua, at the end of a tour of the state.

In other words, although the new generation of bankers is far from knowing the word solidarity — the real meaning, not that which former President **Carlos Salinas de Gortari** used as a demagogic symbol — the feeble clientele that manages to reach the alleged udder of the UDIs does not respond to its negligence or its thwarted communications...

In fact, the problem with an even more attractive scheme than that of the UDIs — placing debts on their current value — is also being faced by the National Finance Bank, Inc.

And neither the National Foreign Trade Bank nor the Interior Trade Bank have been left behind.

The core of the problem, however, was broached in response to proposals made by businessmen of Chihuahua, including **Federico Terrazas**, president of Chihuahua Cement, and **Alberto Salomon**, leader of the local National Association of Manufacturers, to President **Ernesto Zedillo** in what some of his collaborators termed a lack of internal savings.

As you surely recall, that was the original cause of the country's financial crisis, no matter what they may say. It ended up contaminating the real economy, while

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development was based on foreign exchange income, that was not always willing to do more than gamble in a casino.

The Chief Executive went back in his speech to the years of stable development, when Mexicans were in the habit of saving. Many of them resorted to saving in the most plain manner: They purchased 20 centavos stamps issued by the National Savings Bank for schools.

What happened to that option?, the president wondered, noting that contrary to what the people had done, the government had saved in the easy years...

The truth is that the "Proposals for a Sustained Development of the Mexican Economy" which was delivered at Los Pinos by the members of the Business Coordinating Council headed by **Luis German Carcoba** speak more of impossibilities rather than idiosyncrasies.

It is not true that we do not want to save, we just do not have what to save with.

According to a table published in the controversial document, whose who earn minimum wage are subject to deductions for Social Security, Institute of the National Fund for Workers Housing, Savings and State Taxes of up to 28.8 percent.

The percentage increases up to 46.2 in the case of those who earn up to 25 minimum wages.

According to management's view, the existence of forceful savings mechanisms such as the Retirement Savings System "rather than being an additional personal saving, is translated to an incentive to reduce their voluntary savings, given the high fiscal and social security rates they face."

The Business Coordinating Council speaks of the nonexistence of mechanisms to promote long-term voluntary savings, similar to those that exist in other countries, such as pension funds, retirement savings accounts, etc.

Even though it is better late than never, virtually almost two years after the extinct General Agreement on Tariffs and Trade, known as GATT, issued a favorable resolution to the cause of Mexican cement to which the U.S. market was closed, Trade Secretary **Herminio Blanco** has just made a forceful claim for justice in the long-standing conflict.

The outburst occurred during the recent binational ministerial meeting between the two countries.

All of a sudden, the NAFTA star negotiator called for "maximum priority" for our country's defense of our exports, accused unjustly of resorting to **dumping** [preceding word in English] or inferior prices to that of its market.

The most incredible thing is that they paid attention to him.

In fact, steps have been taken in the Department of Commerce headed by **Ron Brown** to review the imposed compensatory quota margin...

The case is that if the GATT resolution, which orders the return of all taxes charged in excess to our products, is not needed, there would be a legal alternative: to request, based on chapter 19 of NAFTA, the integration of a panel to solve conflicts, which would make an in-depth investigation of the procedures.

Also, it would be a way of trying to straighten out the balance, given that the United States is already handling two cases against Mexico.

Why was the Government Secretariat of **Esteban Moctezuma** the one called to carry out the so-called emergency plan instead of the Finance Secretariat of **Guillermo Ortiz** who heads the so-called emergency plan for bank clients — in an umpteenth attempt to straighten out notes that are due, which are almost 80 percent of the existing debt. Why was the official speech delivered by Moctezuma instead of Ortiz?

The reason is simple: The program will be monitored by the government secretaries of the different states of the country... whose coordination depends on the Government Secretariat.

Nothing else.

In the case of the companies, their savings capability is also reduced by fiscal and social security payments (to which is added the distribution of profits) which are considered "extremely high."

Looking at the problem from a different angle, we must note a dramatic reality of the country: the trend to tax consumption, which necessarily increases prices and reduces savings capabilities... no matter which way you look at it.

And if we go a little further, the casino economy we have spoken of, also in Chihuahua, during the inauguration of the general ordinary assembly of the Concanaco [Confederation of National Chambers of Commerce], **German Gonzalez Quintero** who was reelected leader of the organization, elicited dreams that became nightmares among small savings account holders.

How many of them were left virtually empty-handed following the **crash** of the market in 1987? How many

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were left with the fantasy of buying debt paper from the Havre group? How many fell off the ladder with the lower value of the adjustment bonds?

Also, the arrogance of the new generation of bankers scared away from their windows thousands and thousands of micro savers, who were declared virtually in quarantine.

Remember the scandals of the savings banks that offered multimillion savings and ended up by giving only frustration.

We might say that rather than having lost the habit of savings, what has been lost is the compass.

While banks, which produce titles paid off savings, they joyfully engaged in launching to the wind millions of credit cards with the slogan in big red letters: long live consumerism!

What can we do?

General Balance

Unheard-of as it may seem, serious versions conclude that the penultimate debacle in the Mexican Securities Exchange was caused by a hearing mistake? By God!

It turns out that on Thursday morning a report which was far from being new leaked out: That Aeromexico, the airline whose president is **Ernesto Martens** will not honor his next payment commitment abroad, since the credit banks declined to refinance his debt...

According to this, the problem is that some people heard Mexico instead of Aeromexico and real pandemonium ensued.

"Sell, sell," was the Wall Street slogan... until the appropriate explanation was given and the upheaval subsided.

The truth is that the ghost of the suspension of payments continues to make its Pacific rounds among a dozen stock market brokers, especially those connected with the construction sector...

Also, the dramatic fall in the Treasury Certificates earning rates provoked, given its magnitude, an effect totally contrary to that which was expected. It would seem as if nobody believed such joy...

In fact, as of the joyful announcement, the erosion set in the stock market rates and the dollar parity went up again...

The worse part is that in the face of the storm, the rates necessarily will have to go up.

International Reserves Increase by $120 Million

PA0206034095 Mexico City EL FINANCIERO in Spanish 1 Jun 95 p 11

[Report by Gerardo Flores]

[FBIS Translated Text] The Bank of Mexico (Banxico) has reported the country's international reserves reached $10.612 billion up to 26 May; that is, a $120 million increase since 19 May.

Likewise, the report adds the monetary base was reduced from 46.516 billion new pesos to 45.435 billion new pesos between 19 and 26 May.

The central institute's accounts establish that the net internal credit up to 26 May dropped 18.606 billion new pesos, a drop of 42.803 billion new pesos so far this year.

The report explains that international reserves increased despite the payment of $200 million in Tesobonos [Treasury Bonds] out of $404 million owned by the public that matured during the week of 19-26 May.

The report adds that as part of this increase in international reserves, the Bank of Mexico received $209 million from commercial banks for net amortizations of credits previously granted through the Savings Protection Banking Fund (Fobaproa), as part of the program to support the payment of foreign banking liabilities. In addition, $11 million was accumulated, due especially to Mexican Petroleum operations.

During the fourth week in May, the monetary base continued its downward trend by dropping 1.081 billion new pesos.

Owing to previous operations, the net credit of the Bank of Mexico shrunk by 2.932 billion new pesos between 19-26 May.

Banxico announced, however, that for the first time the operations for the Inter-Bank Equilibrium Interest Rate for Investment Units (TIIE-UDI's) were established for 90-day terms, which were set at 9.37 percent despite the fact the six quotations tendered varied by an extensive range around this figure.

The report adds that in order to avoid this problem, the Bank of Mexico will study, together with credit institutions, whether it is convenient to have the TIIE-UDI's used to determine operations for periods in excess of 90 days, terms for which the UDI's have greater advantages.

The Action Plan To Strengthen the Agreement of Unity to Overcome the Economic Emergency (PARAUSEE)

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report stresses that the Mexican Stock Exchange registered a 6 percent drop this past week due to unfounded opinions over alleged Mexican Government difficulties to face up to its short-term obligations.

Alejandro Valenzuela del Rio, in charge of the PARAUSSE, also said the market was affected by dollar exchange pressures at the beginning of the week due to indications of a U.S. economic slowdown.

National Finance Bank To Promote Debt Restructuring

PA2505190695 Mexico City EL FINANCIERO in Spanish 23 May 95 p 8

[Report by Alicia Salgado]

[FBIS Translated Text] The National Finance Bank [Nafin] will promote the massive restructuring of debts deducted by commercial banks and nonbank financial intermediaries under the "Present Value Payment System."

The balance to be reprogrammed exceeds 22 billion new pesos in debts of micro, small, and medium-sized businessmen deducted from credits with the development institution. Regarding the restructuring of credit deductions through Investment Units [Udis], it has been estimated they will start in mid-June to the tune of approximately 4 billion new pesos.

Meanwhile, sources at the Mexican Association of Bankers [ABM] said that according to preliminary information supplied by the country's banking centers, 45-percent progress has been made in identifying and selecting borrowers who will join the program to support production. This plan will reprogram over 62 billion new pesos in Udis.

They remarked that at the end of May, in the first cut of information, 10 percent of approved credits are expected to be reprogrammed according to the terms of the regulation issued by the Bank of Mexico [Banxico] and the National Banking and Securities Commission [CNBV]. This will enable authorities to cover 100 percent of the program by June and July.

Nafin Restructured at Present Value

Federico Gutierrez Soria, general director Nafin's Credit Department, has explained that just like with the renegotiation in Udis, the restructuring under the present value payment system reduces the financial burden paid monthly by the borrower. However, he indicated, it does not index inflation to the debit balance because the monthly payment made by the borrower is obtained by dividing the credit balance by the number of payments to be made, and it is then multiplied by the compound interest. In other words, an update is made by way of the interest rate and not the evolution of inflation.

"This is an option for businesses because the Nafin rate will be applied with the plan, allowing the borrower to reduce substantially, since the time of renegotiation, the monthly amount of the payment to be made until the credit is paid in full. It is applied to unpaid balances and is based on the payable interest," Gutierrez asserted.

He stressed that this scheme was first applied in 1982 with FICORCA [expansion unknown], to restructure foreign currency credits, and later with the Trust Instituted for Agriculture, FIRA, the FONEY [expansion unknown], and the Housing Operation and Discount Fund, FOCI, in addition to Nafin credits. Therefore, the effect of this plan is well known to "alleviate the financial burden of borrowers."

Gutierrez expressed that the problem of businesses at this moment is not the cost of money, because, although temporary, real rates are negative as a result of the inflation hike in March and April. However, interest payments exert strong liquidity pressure on borrowers which may be resolved with the refinancing of the inflationary part of the interests. This can be achieved through the present value payment system, from the first to the last payment made by the borrower.

The official explained that the restructuring will have terms of up to five years, without a grace period or renegotiation limit barring those established by the circular forwarded to Nafin banks and nonbank intermediaries dated 3 April 1995. This circular prioritizes the restructuring of Nafin deductions for micro, small, and medium-sized businesses in all states of the country.

The Banks Identify Udis Candidates

Regarding the program to restructure business liabilities stated in Udis, ABM sources indicated that all institutions receiving Udis as part of the program to support production have already started the restructuring, but these will only permit to reprogram 14 percent of the portfolio as of December 1994.

They said that since the CNBV revealed the guidelines for the reprogramming in Udiss and the Finance Secretariat gave the go-ahead, even before the creation of the trusts, restructuring began with those borrowers who were preselected by the end of April.

"The analysis of credit is being looked into carefully, because the reprogramming involves updating the contract terms. Credit must be guarded as much as or even more than credits issued under normal conditions," a Bancrecer [expansion unknown] official commented.

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Meanwhile, chief executive officers of the National Bank of Mexico and the Bank of Commerce reported that before the end of May, the signing of the agreement between the Secretariat of Finance and Public Credit and the ABM is expected to begin restructuring morgage credits.

They added this has been "delayed by the decision to give more time to the program to support production. It is expected there will be concrete results on 1 June for at least 25 percent of the borrowers, so the second and third phase can be initiated. These will consist of the restructuring over $32 billion worth of mortgage credits in UDIs and nearly $1.8 billion in foreign currency."

Microeconomy Said Experiencing Critical Phase of Crisis

PA0206044095 Mexico City LA JORNADA in Spanish 30 May 95 p 14

[Report by Patricia Munoz Rios]

[FBIS Translated Text] The country's economic growth has been "sacrificed" in order to control an external account imbalance, a report issued by the Confederation of Industrial Associations (Concamin) has stated. The report has stated that 58.5 percent of the economically active population (PEA) is already participating in the underground economy and that 2 million small- and medium—sized companies are facing possible bankruptcy.

Meanwhile, a poll conducted by the National Association of Manufacturers (Canacintra) has revealed that 72 percent of the sector's industrialists claim to have financial problems.

Carlos Abascal, president of the Employers Confederation of the Mexican Republic (Coparmex), has said that the country is experiencing the "most delicate" period of the crisis and that the next three or four months will require from companies a great effort to resist, save, and create in order to remain "alive" until there is a reactivation.

The three organizations of the private sector have agreed that the microeconomy is experiencing the "most critical" phase of the crisis and that the productive sector is facing the period of "greatest anguish."

Concamin has argued that inflation and the balancing of public finances have become "government priorities, but economic growth cannot be conditioned to these variables, more so when the origin of the inflation we are experiencing is not only monetary."

An analysis of the first trimester of this year has indicated the economy is at a "recessive inflationary" phase and warned a 0.6 percent drop in production volume, price increases, and currency devaluation have provoked a domestic market contraction, and thus, a reorientation of state policies was needed to stop financial a imbalance.

"We cannot continue to have economic growth rates that are lower than population growth rates," and thus, the economy must grow between 5-7 percent annually in order to meet job demands for the rest of the decade, the organization added.

Concamin has said these development levels should be a national goal, but we must draft a strategy that will allow us to establish macroeconomic variables without sacrificing industrial activity to avoid affecting employment rates.

As for the PEA, which includes about 36.75 million people, it added there are 21.5 million in the underground economy and 15.75 million in the formal economy; that is, "it is apparent the percentage of those working in the underground economy is larger."

This is due mainly to an overall 0.7 percent drop in industrial activity during the first trimester, but this drop was not homogeneous because areas such as manufacturing industry, electricity, and gas grew while others such as construction dropped by 7.3 percent.

The food, beverages, and tobacco industries also grew by 1.5 percent during that period while the textile industry dropped by 10.2 percent, nonmetallic minerals by 0.4 percent, machinery and equipment by 2.3 percent, and other manufacturing industries registered abrupt drops of 32.1 percent.

These developments coupled by high interest rates that on average will remain at over 100 percent during 1995 decreased purchasing power, and higher taxes will maintain an unfavorable atmosphere for industrial activity and the bankruptcy risk of nearly 2 million small and medium-sized companies.

The business leaders were interviewed at the first meeting of the Council of Small and Medium-sized Industries.

Carlos Abascal of Coparmex said certain recovery signs will not be apparent until the last trimester of this year, but we do not expect growth until 1996, because workers and businessmen are facing a grave situation.

Despite this, he added, payments should not be suspended, because this should be a last resort, because the chain of payments could be broken.

Canacintra President Victor Terrones has agreed with this assessment. He has warned that micro-, small-, and

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medium-sized companies are undercapitalized. At this time, however, it is urgent to offer financial support to solve this problem at a time of high interest rates and when the market has strongly hurt certain sectors.

Officials Optimistic; Deputies Worry Economy Might 'Die'

PA2605133695 Mexico City LA JORNADA in Spanish 24 May 95 p 46

[Report by Elena Gallegos, Mireya Cuellar, Salvador Guerrero, Jose Antonio Roman, and Emilio Lomas]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz has echoed the optimism of the official speech. He said the country will begin experiencing an economic recovery by the last quarter of this year, before expected, and this will favorably affect families and enterprises.

Deputies from all the political parties represented in Congress have sent separate messages to Michel Camdessus, director of the IMF. The message is: Come to Mexico; see the increasingly massive unemployment, the bankruptcy of enterprises, the number of indebted producers and credit holders of overdue portfolios, the drought lashing the country's north. Financial indicators have improved but the "real" economic situation is "very dramatic and worsening."

Militants of the Institutional Revolutionary Party [PRI] militants and the opposition have said: The patient is tolerating the economic-adjustment prescription, but, watch out! He might "die."

The message to the IMF director was issued not only by opposition deputies. PRI militant Francisco Suarez, chairman of the Finance Commission of the Chamber of Deputies, was the first to recommend that Mr Camdessus "come to Mexico."

In referring to a statement by Michael Camdessus, Labor Secretary Santiago Onate Laborde said that "economic recovery" at the production plant, business, employment, and especially, at the salary level, that is, "at the micro level, is still lacking."

The measures that have been adopted have permitted "postponing the moment" of a potential suspension of payments abroad and economic paralyzation. Camdessus' declaration that the financial (macroeconomic) crisis "has been resolved" is a sign that the economic plan "undoubtedly" works and that it has been possible to expand the Mexican state's capability to pay its debts abroad, Onate said.

Finance Secretary Ortiz had said that the Mexican economy would only register real growth towards the last quarter of the year. Interviewed after the conclusion of a ceremony in Los Pinos, the secretary said those who criticized the IMF for putting funds without precedent at Mexico's disposal were wrong.

Luis German Carcoba, former president of the Business Coordinating Council, said it will be in the last quarter of the year when things will improve for the workers' families and for businessmen.

Carcoba said the business sector wants to put an end to recurrent crises, recover growth capabilities, and diminish the economy's vulnerability with regard to the foreign sector of the economy.

Both the finance secretary and the business leader share the opinion that the first three quarters of the year will be the most difficult ones in the recovery process of the national economy, although "there are already encouraging signs."

Serious Socioeconomic Problems Persist

Suarez Davila, of the PRI, said that if we consider financial variables only, we will see progress, of course: the exchange rate is becoming stable, interest rates are dropping, "but we have grave unemployment problems, businesses going bankrupt, and overdue debts."

Suarez said that by the end of the year the country will experience a "moderate" recovery. He noted that a country's economy cannot be measured by financial variables, that it is necessary to include the production and unemployment data, which will reveal the "condition" of the patient and, in this case, "what could possibly cause death."

"The medicine is functioning but we have to be very heedful so that the patient does not die" and afterwards we "have to change the medicine gradually, as the financial variables change for the better."

Suarez thanked Camdessus for his statement because "it contributes to Mexico having a more favorable environment among savings account holders and investors abroad. Mexico has come out of the emergency crisis, this is true. The problem is that at home, those who have lost their jobs, or noticed a drastic cut in their real salaries, those people justly say that Camdessus lives in a world of numbers, that he should come here to see the true situation, that much has to be done to get out of the problem."

Saul Escobar, of the Party of the Democratic Revolution and member of the Finance Commission, wondered how Camdessus can say the Mexican crisis is resolved when the productive sector is hurting because of the recession, there is walloping unemployment, and there is no sign the situation will be checked soon. He agreed with

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the PRI militants that Camdessus is not reading the production and employment report, "he only follows the stock market."

According to National Action Party militant Jorge Padilla, Camdessus' position can be understood only if viewed as that of a defender of Wall Street and the U.S. Government. As they see it, he said, the Mexican economy is fine because the speculators have been rescued.

Views on Economy, Drug Issue Polled

95P20818A

[FBIS Editorial Report] The May issue of the Mexico City monthly ESTE PAIS reports the findings of a MORI [Marketing and Opinion Research International] de Mexico poll conducted 31 March-3 April on key political and economic issues. The door-to-door interview of 348 persons in the Federal District and metropolitan area found that 75 percent judged government "economic measures" to be "bad," 11 percent considered them "good," and 14 percent had no opinion.

When asked if anyone living in their homes had been unemployed during the past three months, 36 percent replied yes, 62 percent said no, and 2 percent had no answer. According to ESTE PAIS, the pollsters noted that when they had asked this question two weeks earlier 42 percent had responded in the affirmative, and that this time the questioners had emphasized to respondents that they were only to consider persons actually residing in their homes.

Asked whether they thought it more important for the government to create jobs or reduce inflation, 47 percent chose job creation, 43 percent favored the reduction of inflation, 5 percent said neither, and another 5 percent had no answer.

Queried about how many connections they thought existed between government and drug traffickers, 42 percent said "a lot," 31 percent "some," 13 percent "a few," 4 percent "none," and 10 percent had no answer.

Mexico Delays Extradition Treaty's Signing Due to Criticism

BR0106141895 Madrid EL PAIS in Spanish 1 Jun 95 p 24

[Report by Ignacio Cembrero: "Mexico Postpones Signing of New Extradition Treaty With Spain"]

[FBIS Translated Text] Madrid — Antonio Lozano, attorney general of the Republic of Mexico, has postponed indefinitely the brief visit which he was to pay to Spain 16 May to sign with Foreign Minister Javier Solana or Justice and Interior Minister Juan Alberto Belloch the new version of the extradition treaty negotiated between the two countries, according to diplomatic sources.

The new treaty, which was initialed 12 May, will pave the way, when it enters into force, for the handing over of suspected ETA [Basque Homeland and Liberty] members wanted by Spanish justice. Around 200 ETA members and supporters live in Mexico, but only half of them would be prepared to rejoin the armed struggle, according to Interior Ministry sources.

Lozano, who has ministerial rank, was intending to make a stopover in Madrid on his way to Vienna, where he was going to attend in mid-May a UN-sponsored conference on crime prevention.

The attorney general informed his Spanish hosts that the Vienna meeting did not have ministerial status, and so he would not take part in it. As a result, he also found himself obliged to cancel the envisaged stopover in Madrid.

According to diplomatic sources, Lozano has given up the idea of going to Madrid in order not to intensify the criticisms which have been expressed by the press and some Mexican political forces when they learned that a new version of the treaty had been secretly negotiated with the Spanish authorities.

The Spanish foreign and justice ministries trust that, once the "political storm" is over, Lozano or Mexican Foreign Minister Jose Angel Gurria will travel to Madrid to sign the new version or, failing that, will invite their Spanish counterparts to visit Mexico City.

Tradition of Asylum

The criticisms of Lozano and the government as a whole prompted the Mexican Ministry of Foreign Relations to give its assurance in a communique that the lengthy tradition of political asylum would remain "immutable." In a veiled reproach to the Spanish Government, it added: "Talks between two governments to adopt a treaty are not aired publicly."

"It becomes a cause for anxiety and concern that the Mexican Government has negotiated a matter of this importance with inexplicable secrecy," an editorial in the newspaper NOVEDADES complained, for instance."The Mexican public," the same newspaper con-

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tinued, "would be being informed again of a matter of vital importance...through the foreign news media." "Despite the protests of the most diverse sectors of society, this proclivity for disseminating essential information through foreign media seems to becoming consolidated as a style of the current government."

"No authority," the newspaper REFORMA maintained, "should take the liberty of negotiating behind citizens' backs... Secrecy in a matter where discretion is not necessary in order to preserve values or a situation is unacceptable."

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El Salvador

Santamaria Resigns; Calderon To Swear In Cabinet Members

PA0106222595 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 1 Jun 95

[FBIS Translated Text] This is official information on the new cabinet ministers President Armando Calderon Sol will swear in this afternoon.

Mario Acosta Oertel will be sworn in as interior minister; Hugo Cesar Barrera Guerrero as public security minister; Julio Valdivieso as deputy minister of transportation; Armando Zepeda Valle as deputy minister of labor and social welfare; Hans Bodewig Alfaro as deputy minister of housing and urban development; Roberto Machon as deputy interior minister; Jorge Alberto Carranza as deputy minister of public security; and Rolando Alvarenga Argueta as deputy minister of commerce and industry.

It has also been officially reported that Foreign Minister Oscar Alfredo Santamaria has resigned. His irrevocable resignation will be effective 1 July.

The president will announce his replacement in the next few days.

Guatemala

Defense Minister on Break-In at Fourth Court of Appeals

PA0206023095 Guatemala City Teleonce Television in Spanish 0400 GMT 1 Jun 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Defense Minister Brigadier General Mario Enriquez Morales commented on reports of the alleged theft of documents in connection with the Devine case after a break-in at the Fourth Court of Appeals yesterday morning.

[Begin recording] [Enriquez] It is very odd that just now when Mrs. Jennifer Harbury has arrived, at a time when charges against the Army are at their peak, one of the courts at the Supreme Court of Justice is broken into, precisely where the Bamaca case is being handled. As I have said, 95 percent of the charges against the Army are false, and about 5 percent are arguable and subject to investigation, if correct.

Nothing was taken from the Bamaca case file. Yesterday I was asked in the great national theater whether the Bamaca file had been removed or stolen. That is false [words indistinct] similar to the Contreras case in which false charges have been made. The irresponsibility with which all Guatemalans make accusations is truly shameful. Accusations should be substantiated. I was replying when someone from the press said: But General, this has already been confirmed by the chief justice of the Supreme Court. I said: Well, if he has already verified this, he deserves credibility and my deepest respect. We will have to open a new case file, track down those responsible, and punish them drastically. But none of it was true. The file and everything else is there. It turned out okay, as I had already said. In fact, a machete was stolen. What is happening to security? It is as if the idea was to indirectly transfer responsibility for this case to the Army because they associate it with Devine. The Supreme Court president told me that it is not true; everything is there, friend, there is nothing to it. Even if it were missing, we have copies safely stored, so don't worry.

[Unidentified reporter] Do you believe Jennifer Harbury had anything to do with this, Mr. Minister?

[Enriquez] In what way? In the break-in?

[Reporter] Yes.

[Enriquez] No, no way. Why would she get involved in this? The defense minister might not like her, but that does not mean I will blame her for things she could never have done.

[Reporter] But could it be linked to her presence here?

[Enriquez] I said this is a peak moment, and perhaps the worst is yet to come. We still expect more reports, more lies, and more truths. We must also speak the truth. We are coming close to the Army topic, and they [not further identified] want to weaken the institution as much as possible in preparation for the time when we must discuss the role of the Army in a democracy. We are happy about this, and we are ready to face that moment.

[Reporter] Did you expect her to be declared persona non grata yesterday in Congress?

[Enriquez] Well, I believe that was a purely democratic exercise. There is national representation and majority rule here, and this must be respected. [end recording]

Ministry Announces Agenda of De Leon, Zedillo Meeting

PA0106121495 Guatemala City PRENSA LIBRE in Spanish 30 May 95 p 71

[FBIS Translated Text] — The Foreign Ministry announced on 29 May the agenda of the meeting scheduled for 8 and 9 June between Ramiro De Leon Carpio and Ernesto Zedillo, the Guatemalan and Mexican presidents respectively. The issues are primarily based on

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the binational agenda existing between the two countries.

The meeting will address: political issues; analysis and evaluation of bilateral relations; programs for the sustainable development of border communities; Guatemalan refugees settled in Mexico; economic, trade, and financial affairs; scientific and technical cooperation; cultural and educational exchange; and the analysis and evaluation of the regional political situation.

President Zedillo will be accompanied by his wife and a delegation of government officials and representatives from the private sector. It will be a short visit. Zedillo will arrive on 8 June in the morning and will leave the country on 9 June in the afternoon.

Ombudsman Cited on Recent Violence; De Leon Responds

PA0206004995 Guatemala City SIGLO VEINTIUNO in Spanish 31 May 95 p 3

[FBIS Translated Text] Yesterday, Human Rights Ombudsman Jorge Mario Garcia Laguardia commented on the recent violence coinciding with the beginning of the electoral process, affirming that we are only a step away from anarchy.

First, we have a disenchantment with the political class, then desertion from political participation, and, lastly, with that we are but one step from anarchy, Garcia said.

Garcia said the present violence is not only political, which in any case is isolated, but also social, because it has taken root and is a manifestation of the general insecurity.

Garcia said this situation presents itself within the framework of the state's weakness, because a debilitating policy seems to be the fad, which is absurd, because the state is almost nonexistent when what should be done is to strengthen its institutions.

Garcia believes the increase in violence is a fact proven by the most obvious indications, without a lowering of the level of violence in sight.

Regarding the intentions of the Army to cooperate with civilian security forces, Garcia said the Army has specific tasks, while the control of violence corresponds to the civilian forces that must be strengthened. Garcia rejected the notion that civilians should be armed because of the negative and distorting effects that would entail.

Commenting on Garcia's statements yesterday, President Ramiro De Leon Carpio said he respects the ombudsman's opinions although they are not like a resolution he must obey.

De Leon Carpio recalled that it has been said many times that the government will fall within a month, that there will be social unrest within a week and other curses that have not come true.

I respect them, because it is a serious institution, and he has political, economic, and social members in it, as well as assistants throughout the country, so his opinions should be taken into consideration, and that is the way I take them, De Leon Carpio concluded.

Honduras

Minister, President React to Border Incident With Nicaragua

PA0106192695 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 1 Jun 95

[Report by Hector Ordonez, from the "This Very Day" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Several Honduran fishermen were arrested today by members of Nicaragua's Sandinist Naval Forces. Apparently, they were apprehended while fishing in Fonseca Gulf waters, which belong to Nicaragua.

A small mishap in Fonseca Gulf came close to becoming a major conflict between Nicaraguan and Honduran naval forces.

[Foreign Minister Delmer Urbizo Panting] "Nicaraguan naval forces attempted to seize the fishermen in Honduran waters.

[Unidentified reporter] "Mr. Foreign Minister, could you explain the situation concerning the incident with Nicaraguan naval forces?

[Urbizo] The boat that attempted to take the canoes to Nicaraguan waters was apprehended and is being held in Honduran territory."

This situation has been resolved, President Reina stated in an interview.

[Reina] "The situation is under control. The authorities have spoken and embassy authorities, the foreign minister, and the Nicaraguan foreign relations minister will meet this afternoon and evening to resolve this incident, which is becoming frequent."

The Nicaraguan diplomatic representation has closely followed this incident, which resulted in the arrest of a Sandinist military officer and several Honduran fishermen.

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[Nicaraguan Ambassador Noel Rivas] "We hope this incident and the location where it took place can be clarified. Meanwhile, the Binational Honduran-Nicaraguan Commission is holding meetings. There was a very important meeting on 20 April. Some guidelines were discussed, and a new meeting was convened on 15 June in Tegucigalpa."

An emergency meeting has been scheduled for tomorrow, and it is believed that following this meeting, this type of confrontation will end once and for all.

[Army Chief General Discua] "Following the meeting scheduled for tomorrow between naval commanders of the two countries and Foreign Ministry authorities, who will preside over this meeting, I believe problems that have appeared will be settled."

In exclusive statements to the "This Very Day" newscast, President Reina said he tried to get in touch with President Violeta Chamorro but was only able to speak to some of her ministers.

A meeting will be held tomorrow at Amapala Port to try to overcome this impasse. This meeting will be attended by representatives of the foreign ministries of both countries and Nicaraguan and Honduran Armed Forces members.

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Argentina

Foreign Minister Departs for UK, Italy

PY0206030195 Buenos Aires TELAM in Spanish 2303 GMT 1 Jun 95

[FBIS Translated Text] Buenos Aires, 1 Jun (TELAM) — Foreign Minister Guido Di Tella traveled tonight to London to meet with his British colleague, Douglas Hurd, with whom he will evaluate bilateral relations and the possibility of jointly exploiting oil in the Malvinas Islands.

Di Tella departed at 1900 [2200 GMT] from Ezeiza International Airport on board a British Airways commercial flight.

In a communique, the Foreign Ministry reported that the foreign minister will also meet with Apostolic Nuncio Pio Laghi in the Vatican, and he will represent the country at the opening of the Venice Biennial.

The foreign minister will meet with Hurd on 8 June; the talks will take place a few weeks before the meeting of the Argentine-British high-level group that has been scheduled to define the negotiations on oil in the Malvinas.

Di Tella will carry out private activities over the weekend, and on 5 June, at 1730, he will begin his official activities with an address at the Argentine Club in London.

On 6 and 7 June the foreign minister will carry out various activities, and on 8 June, at 0800, he will begin his activities by having breakfast with leaders of investment groups.

At 0945 he will participate in the "Calling the Falklands" [title in English] radio program, which maintains direct telephone contact with the Malvinas.

At 1030 he will meet with Eddie George, the governor of the Bank of England, and at 1200 he will participate in the opening of the Argentine-British Chamber of Commerce.

At 1545 he will meet with Hurd at the British Foreign Ministry, and at 1700 he will give an address at the London School of Economics [name in English].

On 9 June, at 0830, he will grant an interview to Richard Lambert, editor of the FINANCIAL TIMES [name in English], and at 1015 he will grant an interview to French television.

The foreign minister will then travel to Italy to participate in the opening of the Venice Biennial on 11 June.

On 13 June he will meet with Cardinal Angelo Sodano at the Vatican, where he will also meet with Monsignor Pio Laghi; Monsignor Roger Echegaray, head of the Justice and Peace Pontifical Council; and Argentine Cardinal Jorge Maria Mejia, who is in charge of the Secretariat of the Congregation for the Bishops of the Holy See.

During the afternoon of 14 June, the foreign minister will depart Rome to return to Argentina.

Cavallo To Participate in Seminar in Paris

PY0106002695 Buenos Aires TELAM in Spanish 2131 GMT 31 May 95

[FBIS Translated Text] Buenos Aires, 31 May (TELAM-SEM) — Economy Minister Domingo Cavallo will participate in a seminar as of 1 June in Paris on "The Lessons of Mexico" that has been organized by the Group of 30, an organization of European bankers.

Cavallo travelled today at 1330 on a regular flight with one of his secretaries, Tomas Ferrari. On 2 June, Cavallo will explain Argentina's economic situation.

John Richardson, the representative of the Morgan Bank; William Rhodes, vice president of Citibank; and Paul Volker, former head of the U.S. Federal Reserve will also participate in the seminar.

The economy minister will conclude his official visit on 3 June and return to Buenos Aires on 4 June.

Chilean Foreign Minister Arrives for Talks With Di Tella

PY0106002895 Buenos Aires TELAM in Spanish 2248 GMT 31 May 95

[FBIS Translated Text] Buenos Aires, 31 May (TELAM) — Foreign Ministry sources have confirmed that Chilean Foreign Minister Jose Miguel Insulza arrived today in Buenos Aires to meet with Guido Di Tella, his Argentine counterpart.

The two ministers will discuss an agenda of bilateral topics that includes an evaluation of the Continental Glacier border agreement that still has to be ratified by the Congresses of the two countries.

The sources consulted have stated that Di Tella and Insulza will also discuss Mercosur [Common Market of the South] and Argentine-Chilean integration proposals.

Senate President Terms Patents Bill 'Closed Process'

PY0206020395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1917 GMT 1 Jun 95

[FBIS Translated Text] Buenos Aires, 1 Jun (NA) — Eduardo Menem, provisional president of the Senate,

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stressed today that the patents bill is "a closed process" for Congress, and he termed as an "absurd theory" the idea that the bill can be considered null and void because Congress only partially accepted the vetoes of the Executive Branch.

Menem defended the actions of Congress in approving the patents bill, and he indicated that "the Executive Branch can only promulgate it through a decree or letting a period of 10 days pass and then it will be automatically promulgated."

The senator from La Rioja Province rejected the rumors that the bill is null and void because Congress insisted on some of the articles after it was partially vetoed by the Executive Branch, and he said that this position responds to "an absurd theory and a position of pettifoggery that has no legal standing."

"Those who say that the patents bill is null and void are totally and absolutely mistaken. It is absurd to say that there can be no insistence on a partial veto because the reformed Constitution admits a total or partial veto and it also admits total or partial promulgation," he stressed in remarks to a radio station.

He added that to use the null and void argument in that way is "completely unfounded," and he indicated that those who maintain that position "are completely mistaken and they are using pretentious arguments that have nothing to do with the text of the Constitution."

The Justicialist Party senator reiterated that for the time being he has no thoughts about becoming a presidential candidate in the 1999 elections, and he also denied that he aspires to occupy the post of foreign minister.

"I have not thought of becoming a presidential candidate. Regarding the future, I do not know," Menem answered, and he added that his main objective "is to conclude" his term as senator, which will end in 1999.

In an interview that is published in today's issue of the morning EL EXPRESO, Menem expressed the view that the Foreign Ministry "would be a very interesting post," but he denied that he will ever occupy it.

He stated that as soon as Carlos Ruckauf assumes the presidency of the Senate, as is natural, his return to his seat will allow him "to resume" his task, in other words, "submit bills, defend them."

Brazil

Government Rejects U.S. Gasoline Regulation at WTO

PY0106001395 Madrid EFE in Spanish 1807 GMT 31 May 95

[FBIS Translated Text] Geneva, 31 May (EFE) — On 31 May, Brazil rejected a U.S. regulation on gasoline approved in December and requested that a panel be set up to determine if it violates the obligations assumed by Washington upon joining the WTO.

Spokesman of the WTO said Brazil's charge will be studied by a panel created on 10 April to resolve the issue at the request of Venezuela which, at the time, already had Brazil's support.

Brazil and Venezuela believe the new U.S. regulation on gasoline violates the obligations contracted by the U.S. Government under the WTO agreement, because it promotes the sale of U.S.-made gasoline and imposes restrictions on imported gasoline.

President: ESCA 'Very Unlikely' To Continue in Sivam

PY3105150895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 May 95 p 3

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso has said that ESCA [Automation and Control Systems Engineering], which was removed from management of the Amazon Region Surveillance System (Sivam) for having defrauded the Social Security Institute, is very unlikely to continue with the project because of the lack of ethical conditions.

Presidential spokesman Sergio Amaral said that "the president has no information leading him to believe that ESCA will be able to resolve its problems and, above all, recover its competence." Amaral thus denied a statement made by Aeronautics Minister Brigadier Mauro Gandra, who on 29 May said that ESCA might return to the Sivam project if it repays its debts to the Social Security Institute.

Amaral explained: "Today ESCA is legally unable to participate in the project. If the enterprise resolved its problems with the Social Security Institute, it might in theory overcome the legal obstacle. The president, however, does not believe that this will be possible, because in addition to the legal problem there is the problem of competence." In order to preserve what the government calls ESCA's "technological assets," the government will use the group of ESCA technicians. The Aeronautics Ministry has 120 days to propose a solution.

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Gilberto Miranda, PMDB [Brazilian Democratic Movement Party] senator for Amazonas and president of the Senate Economic Affairs Committee, said that senators will not give a blank check to the government, annulling the contract with ESCA before selecting another Brazilian enterprise to coordinate the implementation of the project.

The Strategic Affairs Secretariat (SAE) is counting on the possibility of the government negotiating with the Senate the cancellation of the ESCA contract, in a administrative process. Miranda said, however, that a new presidential message will be necessary, along with the same procedure that was followed for the approval of the loan: an analysis by the Economic Affairs Committee and a floor vote.

SAE sources have reported that the government will this week start negotiations with the Senate, and that the two possibilities will be studied. The first alternative provides for eliminating ESCA through a managerial procedure, while keeping in the text approved by the Senate the requirement that a Brazilian enterprise work with the U.S. company Raytheon, which submitted the winning offer. The second option is to submit a new presidential message.

Government To Contract ESCA Technicians for Sivam Project

PY3105142895 Sao Paulo AGENCIA ESTADO in Portuguese 2322 GMT 30 May 95

[By Mara Bergamaschi]

[FBIS Translated Text] Brasilia, 30 May (AE) — The government will contract a group of specialized employees from ESCA [Automation and Control Systems Engineering] — a national enterprise that last week was withdrawn as coordinator for the Amazon Region Surveillance System (Sivam) — in order to continue with the project. This group of technicians, who will have to disengage themselves from ESCA, will begin within the next four months a partnership with the U.S. enterprise Raytheon, which will provide the radar technology.

The government's intention, which was today reported to the deputies making up the Supervisory and Control Committee of the Chamber of Deputies, is to contract these engineers for a specific period through Infraero [Brazilian Airport Infrastructure Firm]. "We cannot lose those brains," Aeronautics Minister Mauro Gandra said during a meeting with the deputies at the Strategic Affairs Secretariat (SAE) building this afternoon.

According to Arlindo Chinaglia, PT [Workers Party] deputy for Sao Paulo, who attended the meeting, Gandra and SAE chief Ronaldo Sardenberg have even considered the possibility of the former ESCA employees forming a new enterprise in order to participate within 120 days in the process for the final selection of Raytheon's Brazilian partner.

After concluding that ESCA is in a critical financial situation, the government decided to "prevent the dispersion" of the ESCA technicians, who among other projects have been responsible for the maintenance of the Dacta radar system. In addition to owing 7.8 million reals [R] to the INSS [National Social Security Institute] and charges of having defrauded the social security system, ESCA has delayed payment of its payroll. Gandra and Sardenberg told the deputies that no progress has been made in the plan to have ESCA form a partnership with another entrepreneurial group in order to repay its debt and remain the Sivam operator.

Despite the fact that they do not believe that ESCA will be able to resolve its problems with the INSS within 120 days, the two officials — who are responsible for Sivam — said they have no "technical means" to prevent the firm from participating in the process of selection of the new national enterprise for the project. On 27 May the National Defense Council decided that the new enterprise will be selected in four months.

After signing the contract with Raytheon, the government today asked the Supervisory and Control Committee of the Chamber of Deputies to continue to monitor — as of now — the implementation of the Sivam project. Deputy Arlindo Chinaglia, who pressed the charges that prevented ESCA from remaining in the deal, does not want the committee to merely monitor the project. "Before that, we have to conclude the ongoing investigations into the R1.4 billion deal," Chinaglia said. He was referring to the initial cost of Sivam. On 31 May, in the afternoon, the committee will meet to evaluate the government proposal.

Government Asks Yugoslav Envoy To Help Free Hostages

PY0206025595 Rio de Janeiro O GLOBO in Portuguese 1 Jun 95 p 20

[FBIS Translated Text] Brasilia — The Brazilian Foreign Ministry has asked Yugoslav Charge d'Affaires David Cosic to request that his government take steps to help free Brazilian captains Harley Alves and Joao Batista Bezerra Leonel Filho, who are now considered to be prisoners of war.

Cosic met yesterday at Itamaraty with diplomat Mauricio Strambi, who spoke on behalf of the Brazilian foreign minister. According to Itamaraty sources, the Yugoslav diplomat promised to make an effort on behalf

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of the Brazilian officers because Brazil is not a member of NATO, which has been responsible for the air strikes against Serbian bases in Bosnia.

The Foreign Ministry also directed its ambassadors to the United States, Russia, France, Great Britain, and Germany to ask for similar efforts from their host governments.

Cardoso Opens Third Cabinet Meeting, Wants Lower Inflation

PY3005181195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 May 95 p A4

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso wants the monthly inflation rate — which currently stands at 2 percent — to drop even further as of July. This month will mark the second year in the life of the real, and the start of the deindexation process of the economy, which will begin with the elimination of the IPC-r [Consumer Price Index-real] and other indexes that are carrying the inflation burden of the past. Cardoso also wants to lower interest rates and reduce the domestic debt through privatization. This is what the president said on 27 May at Granja do Torto, in a speech delivered at the opening of the third cabinet meeting held during his term. This information was released by presidential spokesman Sergio Amaral.

According to Amaral, the president made an evaluation of the first five months of the government, emphasizing the new image that Brazil has abroad, the success of the real, and the approval by the Chamber of Deputies of the first constitutional amendments, which "are supported by the people, even those for the elimination of the telecommunications and petroleum monopolies." Concerning the ongoing oil workers' strike and "others that might be staged against the reforms," the president — Amaral said — chose to strictly obey court orders, noting that people do not support the strikes. According to Amaral, Cardoso warmly praised Chamber of Deputies President Luiz Eduardo Magalhaes (PFL-BA) [Liberal Front Party-Bahia] over the form in which he has conducted the process of voting on the reforms.

The president emphasized that the main challenges, like resolving the farm credit issue, are being met. An agreement will soon be reached on this topic, establishing a fixed 16 percent annual rate and paving the way for deindexation. The government is nonetheless still studying a new salary policy for the period following the elimination of the IPC-r on 1 July, Amaral said.

Cardoso Blames Trade Deficit on Oil Workers' Strike

PY0106032995 Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 May 95 p 2

[FBIS Translated Text] Brasilia — Brazilian President Fernando Henrique Cardoso today blamed the oil workers' strike for the economic team's failure to achieve the goal of obtaining a trade balance in May. During a cabinet meeting held on 27 May, Cardoso said that the strike made it necessary to spend an additional $750 million in imports of oil and oil byproducts. Addressing cabinet ministers and government leaders in Congress, he said: "Had it not been for the strike, we would have had a trade surplus."

The economic loss will not, however, force the administration to change its position toward the strike. Cardoso reiterated at the cabinet meeting that the administation will not engage in any kind of negotiation with the strikers until they return to work. According to a minister, the president said that he will not back down in any respect. The minister said: "It is the fate of a government that is at stake here, and no government can afford to disappear." The administration will not hold talks with the oil workers until after they have obeyed the Superior Electoral Court [TST] decision declaring the strike illegal and ordering them to return to work.

Production

In his briefing during the cabinet meeting, Mines and Energy Minister Raimundo Britto gave oil production figures and said that "production has practically returned to normal." According to latest reports, the Brazilian Petroleum Corporation [Petrobras] is already producing 700,000 barrels of oil per day — 45 percent of its normal production — and 7.5 million cubic meters of natural gas — 67 percent of its normal production.

Administration officials believe that the approval by Congress of the economic constitutional amendments will be instrumental in increasing the Brazilian foreign reserves by $2 billion this year as a result of growing foreign investments. Cardoso emphasized the fact that the preliminary congressional votes on the constitutional amendments have already prompted a remarkable increase in foreign investments in Brazil.

According to Central Bank figures, the approval of the constitutional reforms helped attract $3 million in foreign capital investments during the second half of May alone. Conveying satisfaction, Cardoso said: "This is just a response from the investors to the preliminary votes." Lauding the outcome of the recent votes, Cardoso said there are favorable chances for obtaining the

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approval of the most controversial amendment: the one ending Petrobras' monopoly over oil related activities.

Cautiousness

Displaying caution, Cardoso urged the ministers and government leaders in Congress to continue to lead the voting sessions with utmost attention and care. Deputy Germano Rigotto (PMDB-RS) [Brazilian Democratic Movement Party-Rio Grande do Sul], the government leader in Congress who attended the cabinet meeting, said: "The president does not want to take risks, and he wants to avoid an overly optimistic mood that would lead to taking victory for granted." Rigotto added: "The president does not want anyone to be boisterous simply because we have won in every vote up until now."

Cardoso also asked for special attention and close monitoring of the Senate debate on the constitutional amendments that had been approved earlier by the Chamber of Deputies; that is, the one ending the state monopoly over piped gas, and the one withdrawing from the Constitution the concept of national enterprise and opening the mineral sector to foreign capital.

The administration wants to prevent the senators from changing the amendments approved by the Chamber of Deputies. If the senators approved changes, the respective amendments will have to be sent back to the Chamber of Deputies, which would then send it back to the Senate. It would also be necessary to have two voting rounds in each house of Congress and the support of three-fifths of the deputies (308 out of 513) and of the senators (48 out of 81).

Cardoso: Lula Seeks 'Political Gain' From Oil Strike

PY0206035595 Sao Paulo AGENCIA ESTADO in Portuguese 0008 GMT 2 Jun 95

[FBIS Translated Text] Brasilia, 1 Jun (AE) — The following is the text of President Fernando Henrique Cardoso's reply to Workers Party [PT] President Luiz Inacio Lula da Silva:

"The president of the Republic today received a letter faxed by Mr. Luiz Inacio Lula da Silva, president of the PT, about the oil workers' strike. The president laments the fact that, openly disrespecting a court decision, the PT president is trying to obtain political gain from this strike, which has caused so many problems to the people.

"In a democracy, after a court decision has been issued, neither the president of a party nor even the president of the Republic may judge whether a strike has been fair or unfair, or whether there was a valid agreement with the previous administration. Tne court has twice clearly ruled that the strike is illegal. Mr. Luiz Inacio da Silva has characterized as fair a strike that had already been declared illegal by a court.

"The nation can testify to the repeated efforts made by the administration to promote dialogue with the oil workers. The only condition for this dialogue has been willingness to respect a court decision; that is, that the workers must return to work.

"The right to strike has been a hard-won gain for the signatory of the letter, as well as for the president of the Republic. Yet, no strike can be held outside the framework of a state of law.

"The administration has only one rule: To obey the Constitution and the laws. Dialogue should not be held to the detriment of justice.

"The president has met with both businessmen and CUT [Sole Workers Center] representatives, with advocates of the "Outcry for Land" ["Grito Pela Terra"] of Contag [National Confederation of Farmworkers], and with members of the Ruralist Bloc. In sum, he has met with all those who have democratically strived for their rights.

"To regard respect for the laws as arrogance is proof of a lack of preparation for practicing democracy. Political leaders who are associated with a strike that has caused so much damage to the country and so much hardship to the people cannot shun their responsibility by putting the blame on the administration."

Finance Minister Malan Addresses Nation

PY0106174395 Rio de Janeiro Rede Globo Television in Portuguese 1549 GMT 1 Jun 95

[Address to the nation by Finance Minister Pedro Malan from Planalto Palace studios — recorded]

[FBIS Translated Text] Good afternoon. The real is about to complete its first year. Thanks to the efforts of everyone, we have managed to substantially reduce inflation. In June 1994, monthly inflation rate was about 50 percent, while the annual rate surpassed 7,000 percent. Now, almost 12 months later, the monthly inflation rate is about 2 percent.

This is an achievement of the entire society, which we need to preserve. The real has brought concrete gains to the vast majority of Brazilians. The basic basket today costs 101 reals [R], while on 1 July 1994, it cost R107. If we consider this with the minimum salary increase to R100, we can see there has been a substantial gain for workers.

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During the first five months of 1995, inflation stands at 8 percent. One year ago, five days were enough to chalk up 8 percent.

I wonder: Are the advantages so far obtained enough? The answer is no, certainly not. The ideal is an even cheaper basic basket and even higher salaries.

In Brazil — and for that matter anywhere else in the world — the stabilization of prices and the persistent reduction of inflation require time and determination.

The government is responsible for preserving stability. Sometimes it must temporarily adopt more drastic measures to accomplish this objective. Among such measures are increased import tariffs and interest rates.

They are unpopular measures but they are necessary if the real is to maintain its purchasing power, its status of a strong currency.

In March, we had to increase interest rates. It was necessary to temporarily adopt this measure because the Mexican exchange rate crisis unleashed speculative capital actions that threatened the stability of the Brazilian economy.

Before we can make firm progress in reforming the state apparatus, we must use interest rates to protect the real.

Yet this does not mean interest rates will remain high. In fact, rates have already started to drop, and may drop even further as soon as we see strong signs of a consumption decline, of an adjustment in our external accounts, and of progress in the reform of the Constitution and in privatization.

There are clear indications that those signs are appearing.

When we speak about reducing consumption, we are not trying to hinder people's lives or forbid them from buying the products they need. On the contrary, we are asking them for time, so that factories may meet demand without shortage or price increases.

Therefore, we want to preserve conditions, so that not just now but also in six months, in one year, or in five years, you will be able to meet your consumption needs at low prices.

To this end, it is necessary to avoid, now, a spiral of increases that would push the inflation rate to unacceptable levels. Only lobbyists and speculators want this because they are accustomed to making easy profits at the expense of those who work hard to honestly earn their salaries.

I wanted to make an appeal to every one of you. Instead of buying on credit and acquiring debts, take advantage of interest rates and put your money into savings accounts. You will earn more and, very soon, you will be able to buy more products.

By delaying consumption, by controlling a bit your purchases, you are making your contribution for the continuation of stability, because we are forcing prices to drop.

In Brazil today, the old vendors' story of "buy today because tomorrow it will be more expensive", is no longer true. That is over. Save now, because it is the best deal you can make.

Save with tranquillity. I give you my personal guarantee that nothing will be done to harm savings. Since the beginning, contract rules have been respected under the real plan, without confiscations and without freezes. We will continue this course.

Do not let stories of "the government is provoking a recession" pressure you. The speed of growth of the economy can and must drop a bit, so that inflation does not get out of control.

Yet this should not be mistaken for recession. The Brazilian economy will continue to grow. What we want is sustainable, sound growth, so that our children and our grandchildren may live in a country that should be better than the one in which we live now.

We already have a strong currency and will soon have the reforms that Congress is approving. This will permit us to grow without inflation, create jobs, and pay better salaries.

This is the true objective of the real. The government of President Fernando Henrique Cardoso is striving for and is committed to preserving the stability of the real. You should also cooperate and do your share. This is what will give prosperity and wellbeing to everyone. Thank you, very much. Good afternoon.

Brazilian Nuclear Weapons Program Viewed

95WC0048A Moscow NOVOYE VREMYA in Russian No 19-20, May 95

[Article by Nikolay Kuchin: "Brazil—A Bomb for a 'Rainy Day': Itamaraty Will Not Tie His Own Hands"]

[FBIS Translated Text] Brazil will not be among the participants in the Treaty on Nonproliferation of Nuclear Weapons (NPT). In the opinion of a highly placed official of the country's Ministry of Foreign Affairs [MFA], Antonio Gerreyru [as transliterated], the options for prolonging the NPT being discussed in New York these days are discriminatory. They do not require the nuclear states to destroy their atomic weapons and forbid other countries to create these weapons. The

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position of Itamaraty (the MFA of Brazil) is based on the certainty that in the future this country will become part of the circle of "first world" states. The diplomats of this large regional power do not intend to burden themselves with any obligations.

Brazil did not sign the NPT in 1968, but it ratified the Tlatelolco Treaty, the Latin American version of this document. Under the terms of this agreement, South America is declared a non-nuclear zone, but the participants in the treaty have the right to conduct nuclear explosions "for peaceful purposes." Brazil is a state which may have everything necessary to produce nuclear ammunition.

No One Prevented Them

The country of the "Southern Cross" became a nuclear power in 1988. Specialists from the Institute of Energy and Nuclear Research managed to enrich uranium to 93 percent: that is sufficient to create a bomb. The military version of the "Sonda" commercial rockets tested several years earlier have a firing range of 1,450 kilometers. The atomic submarine being built in the shipyard in Rio de Janeiro will expand the range of Brazilian strategic systems.

Successes were achieved thanks to a commercial atomic deal. In 1975 Brazil concluded a contract with the FRG to build eight nuclear power plants [AES]. They managed to build only three AES's. But the expensive civilian project served as a screen for a military "parallel program." In conditions of the strictest secrecy, 1,200 specialists worked on the technology for enriching uranium and creating compact reactors for submarines and for producing plutonium. Five years later, the president of Brazil, Fernando Collar, announced that his country was stopping work in the nuclear weapons field and filled in the shaft at the Cachimbo test range where the first Brazilian nuclear charge was to be tested. The United States promptly allowed the IBM firm to sell Brazil a supercomputer to help model nuclear tests and design intercontinental ballistic missiles.

When the Means Impose the End

South America has no knowledge of a rigid power standoff. The continent is not divided into military blocs. There are no implacable enemies prepared to seize the "atomic sword" in the region either. But the technical potential of the largest countries is such that it allows, for example, Argentina, Peru, Chile, Mexico, and Venezuela to build a bomb in a fairly short period of time. And so the debate about nuclear weapons has been going on for a long time here. The "military atom" is considered a factor of political prestige and affiliation with the club of the chosen.

The Falklands war of 1982 (between Argentina and Great Britain) and the U.S. invasion of Grenada in 1983 and of Panama in 1989 forced Latin Americans to assume that a power from the bloc of developed countries could be their enemy in the future. Internal regional conflicts like the skirmishes of Peru and Ecuador this year (there have been almost 40 of these disputes) may also continue to provoke military clashes. Although power politics in Latin America are the "prerogative" of military regimes which have left the stage, generals may return to power.

However, the intellectual constructs of the Latin American military are shaky: there are too many "if's" in them. And in addition, arguments based on force do not promise any commercial benefit. So the leaders of most of the region's countries long ago chose other priorities for themselves. The NAFTA economic bloc and the alliance of countries of the South Atlantic—SATO proved to be the most attractive of them. Brazil's long-standing "rival," Argentina, signed the NPT this spring and left its northern neighbor in proud nuclear solitude.

An Unnecessary Threat

Until Brazil again provides itself with a "personal enemy," there is no reason to assume that nuclear ammunitions will become part of the country's armed forces. Military appropriations in the country are not large. Financial resources are limited. It is not difficult to assess the possible nuclear potential of the "Southern Cross" country.

The strategic forces may use the "Sonda" rockets, but only ground-based ones. Tactical warheads may be mounted on land-based SS-300 missiles and on Barracuda sea-launched missiles. Unguided atomic bombs can be delivered to the target by Mirage, Tiger, and Chentauro [as transliterated] fighters. Twenty-four submarines and surface ships of Brazil's Navy are suitable for carrying nuclear depth bombs and torpedoes.

Systems which have not yet been adopted are another component of the country's nuclear potential. Their degree of readiness for deployment varies. An intercontinental missile with a radius of impact of more than 3,000 kilometers can be created on the base of the VLS heavy space rocket. But the development of this vehicle is not yet complete. The construction of the atomic submarine will not be finished at the shipyard in Rio de Janeiro until the year 2000. There are no more than 7-8 such powerful ships in the series (many after the year 2000). Several cruise missiles can be mounted on each of them, but creating this class of weapons will demand coordinated Brazilian efforts in missile, space, and computer technology. The third problem is a plane which

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will replace the roughly 50 obsolete Tiger and Mirage fighters. Unlike the contemporary Chentauro (or AMX, of which 79 will be built), it must be a supersonic plane. The limited military budget will most likely force the Brazilian elite to choose only one of these options.

The number of vehicles for nuclear warheads may reach several hundred, and this figure will have a restraining influence more on the Brazilian government than on its neighbors.

Chile

Foreign Minister Expresses Concern Over Cardoen Case

PY0106210095 Santiago EL MERCURIO in Spanish 11 May 95 p C5

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza said yesterday that the Chilean Government has expressed concern to the U.S. Government over the situation of U.S. court proceedings against businessman Carlos Cardoen.

Insulza added that the government has also requested information on what specific charges are still pending against Cardoen.

He explained that during the current administration, Cardoen has not had access to the Foreign Ministry's secret files. He said the Chilean Government has never been, not even during the military regime, involved in the activities suggested in the trial in the United States.

Cardoen is standing trial in U.S. courts for illegally importing zirconium from the United States. Zirconium is a strategic material used in the manufacture of cluster bombs. Cardoen reportedly exported cluster bombs to other countries.

Cardoen yesterday went to the Foreign Ministry to discuss the issue with Insulza. During the meeting they also talked about Cardoen's business activities in Cuba.

Speaking about the trial in U.S. courts, Cardoen thanked the Foreign Ministry for its assistance in obtaining "official documents with the proper authorization of Foreign Ministry officials" which, according to him, irrefutably prove that the U.S. Department of State was aware of and assisted in the importation of zirconium.

He added that this information is contained in "a secret document" which has been duly laundered [blanqueado] by the Foriegn Ministry. This document allowed him to learn details of U.S.-Chilean ties eight years ago and to establish "how the zirconium issue and the exportation of cluster bombs to Iraq were part of both Chilean and U.S. domestic policies to back the U.S. administration's struggle against its then enemy; Iran."

Cardoen insisted that he is the victim of a U.S. conspiracy and added that he does not need government support because he is backed by the law. He specified, however, that the government has helped him prepare his defense before U.S. courts.

He added: "So much so that the foreign minister and other government officials allowed me to go through Foreign Ministry secret files to gather vital evidence to allow me to defend myself in this difficult case."

Foreign Minister Insulza denied that Cardoen has had access to Foreign Ministry secret files. He did not reject, however, that Cardoen had access to these files during previous administrations.

Reconciliation of Interests Prior to NAFTA Concluded

PY0106211095 Santiago ESTRATEGIA in Spanish 17 May 95 p 7, 11

[FBIS Translated Excerpt] The 11 sectorial work groups the administration and the business sector organized to draw up Chile's position for its negotiations with the United States, Mexico, and Canada regarding each productive sector and each trade item, finished their work on 16 May. Thus, Chilean negotiators are ready to face the negotiations in harmony with private business in all fields.

This information was released on 16 May, one day before U.S. Trade Representative Mickey Kantor was due to speak at the Ways and Means Committee of the U.S. House of Representatives. It is expected that a concrete proposal will then be made for the fast track [preceding two words in English], and this in turn will lay the foundations for the agenda of the negotiations.

According to a Chilean Finance Ministry press release, joint efforts with private business have resulted in a proposal to reduce custom tariffs on Chilean goods entering the United States and for U.S. goods entering Chile.

In addition to the list of tariff reductions, the groups also studied the main non-customs barriers that Chilean exporters must face in the United States, NAFTA rules on product sources, and the impact of the tariff-reduction proposal on the allocation of productive resources (employment, investment, and technology). [passage omitted]

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Deputy Says NAFTA Should Be 'Left Alone'

PY0106220695 Santiago ESTRATEGIA in Spanish 18 May 95 p 2

[Commentary by National Renewal Deputy Carlos I. Kuschel S.: "Nano-NAFTA"]

[FBIS Translated Text] Chile's membership in the NAFTA is a matter of political rather than economic interest for the United States and, to a much lesser extent, for Chile.

The United States is trying to assemble the largest possible bloc to deal mainly with the EU and Japan.

The initial NAFTA does not amount to much for this purpose, and it will still not be much even if Chile joins it. Politically speaking, however, it will be much more presentable.

The real objective is AFTA [American Free Trade Agreement] rather than a NAFTA.

While the NAFTA was being put together, the "chicks" left the coop of the "obvious leader" of this continent. Chile, for example, maintains trade and commercial relations with the four main economic blocs: the United States, Europe, the Asia Pacific Economic Cooperation, and the Mercosur.

Chile wants to become a financial and commercial center for the Latin American subcontinent. Conditions are almost right for this; all we have to do is resolve certain prejudices among government officials, and the price of the U.S. dollar will do the trick. Government officials are bound to come up with some definitive cost level at some point.

Chile does not need the NAFTA, which levies on it certain tight requirements, because in some ways we are more liberal than the United States. The list of U.S. economic distortions and bottlenecks is quite long, much longer than ours.

On the other hand, for a number of reasons, the United States applies the carrot-and-stick approach to us. Let us recall the former finance minister's optimistic and periodic trips to the United States, from where he always returned full of news, and see how far they have gotten us.

The United States has always had arguments galore for whatever it did, arguments that either saddened us or brought us joy.

The current finance minister is much more to the point and realistic, but he has to deal with new arguments that sound more like excuses.

In the meantime, we have assembled a bureaucracy to handle the negotiations when the wolf comes.

I, for one, believe that Chile should, as it has in the past, clarify its position in favor of freer trade. If that is the direction in which the NAFTA is headed, then we participate.

Meanwhile the NAFTA should be practically left alone because in any case it will start moving when the United States decides that it should move, not when we pile our "negotiators" up in Washington.

The thing to do now is to continue working honestly, openly, and enthusiastically in all directions, as we have always done.

This course of action has by no means been exhausted, and the economically and politically free world to which Chile belongs is getting bigger and bigger all the time.

Ecuador

Government Confirms Decision To Expand Oil Pipeline

PA3005043695 Quito Voz de los Andes in Spanish 2300 GMT 29 May 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The national government is maintaining its decision to expand the trans-Ecuadoran oil pipeline because the country needs funds for its development, according to Energy and Mines Minister Galo Abril.

Abril also said this is not a government but, rather, a national program, because Ecuador needs resources for its development. We must save at least one-fourth of the state's revenues each year in order to have enough money for investments to create jobs and help attract foreign exchange.

Abril said the country needs foreign investments, but these are only made in areas that generate profits. He said the rules of the game must be clearly applied in order that the public and private sectors can share in the profits in an equitable manner.

The expansion of the oil pipeline will allow the country to save transportation costs, which are currently being paid to Colombia and other economies — economies we are feeding instead of our own, the minister said.

The country loses nearly $300 million a year because of its lack of transportation facilities. This is why the country needs the private sector's participation in building the infrastructure needed in other areas in which foreign investors do not participate. The topic of

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the expansion of the oil pipeline has been fully discussed with leaders of the petroleum sector, and suggestions from Congress were even accepted and reviewed.

Maldonado Conditions Opening of Border on Peru

PA2805162095 Quito Voz de los Andes in Spanish 1230 GMT 28 May 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Huaquillas — Industry, Commerce, and Integration Minister Jose Vicente Maldonado has said the border with Peru will not be opened until the government of President Alberto Fujimori does likewise. Maldonado held an extended meeting with Huaquillas' influential sectors. Since the start of the confrontation last February, this border city has been hurt by the closing of the international bridge that connects it to the city of Aguas Verdes in Peru.

Surrounded by disheartened residents, the official said the government wants to open the border, but if Peru does not, the situation will remain unchanged. He advised Huaquillas' citizens, most of whom are merchants, to devote themselves to other activities, noting that the government is ready to help them.

He noted, for example, that the National Development Bank has granted loans of $100 million to implement the assembly plants law. Even as the encounter was taking place, illegal commerce between Peruvians and Ecuadorans continued.

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